GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2662
ANSWERED ON:16.12.2008
INVESTMENT BY FOREIGN COMPANIES
Prasad Shri Hari Kewal

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the criteria adopted by the Government for clearance of FDI by foreign companies in the country, sector-wise;

(b) the manner in which the said criteria protects the interest of our domestic companies;

(c) whether FDI has affected any sector of the domestic industry;

(d) if so, the reaction of the Government thereto; and

(e) the remedial steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI ASHWANI KUMAR)

(a) & (b): Foreign Direct Investment (FDI) complements and supplements investment. FDI brings in, apart from capital, state-of-art technology and best managerial practices thereby providing better access to the domestic industry to foreign technology and integration into the global market. The extant policy permits FDI under the automatic route in most sectors/ activities. No specific criteria have been laid down for FDI into sectors under the automatic route. However, proposals requiring prior Government approval are considered by the Foreign Investment Promotion Board (FIPB), an inter-Ministerial recommendatory body, which takes into account the policy and sectoral guidelines for FDI. The FIPB also examines whether the proposal would jeopardise an existing joint venture or technology transfer / trade mark agreement if any, in the same field in India.

(c) to (e): No data is available centrally regarding effect of FDI on the domestic industry.